The Impacts of the Press Subsidies on their Circulations, in Iran

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Abstract

This paper[1] intends to respond to the questions that: "What are the impacts of government subsidies to printed press, directly and indirectly, on their circulations or on the demand for them?" Furthermore, does the printed press need these subsidies?

In order to answer the above questions, the amount of the subsidies paid to all the papers, and also, the combined revenues and expenditures for 9 daily papers with the widest circulations have been studied and the results show the subsidies being paid have neither economic justifications, by economic tools, nor are being paid in proportion to the average expenditures. Therefore, they wouldn't have a significant effect on the demands for purchase the papers.
Key word: The Printed Press, Subsidies, Circulations, Economics of Publications

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1- Introduction

At the present time, the government is allocating, annually, a substantial amount of subsidy to the printed pressed, both directly (cash in Rials & foreign exchange) and indirectly (allocating paper share, etc...). The allocated amount is roughly 100 billion Rials, per year (Mousaei,M. 2005:123). In one hand, it's said that the press industries in Iran are facing financial difficulties and in terms of the return of the capital have no economic justifications (Hajizadeh Maimandi 2000:32), on the other hand there are about 3000 applicants in a waiting list to receive publishing permits. Here, a question is raised:"If the investment does not have a reasonable rate of return, why are demands for publishing permits is a multiple of the present number of the printed press?"

The governments' objectives to pay subsidies can not be out of three main following grounds:

A. Optimum resource allocation, when social benefits exceed private benefits
B. Economic Stability
C. Equitable distribution of the resources.

Since the amount of the publication subsidies is very insignificance, in comparison to the total subsidies paid by the government, the second and third options are ruled out. Basically, the objective of endowment of subsidies to printed media must be sought in the first option. On this ground, it must be clarified how the objective behind the payment of subsidies,- as a channel to alter the allocation of resources- is defined, and what objective/objectives could be intended. Furthermore, how effective are the payments of the subsidies in actualizing the intended objectives/objectives?

The importance of responding to these questions clarifies the necessity of the present research.

2- Research Background

Regarding the system of subsidy payments to the publications, in Iran, the available papers and researches are very limited. A study has been done under the title "An Economic Study of the Country's Newspapers" in 1995 and the financial data of some widely circulated papers have been collected

and analyzed. This study shows the system of subsidy payments to the printed press has a very low level of positive effects (Mousaei, 1995).

In some other studies, economic issues of the printed press have been studied from viewpoints of the household basket of expenditures and also the demand sensitivity in proportion to fluctuations in the price of the paper, and also variations in the household income is measured (khazaei 2000:193). A similar research has, also, been done by the Center for Media Studies and Researches, but unfortunately the results have not been published (Naderan, 2000). According to these studies, the share of cultural expenditures as a ratio of total expenditures for the last 30 years has been fluctuating between 1 to 6 percent (khazaei, 2000: 196). Overall, in the years of study, the estimation of the coefficient of income elasticity has reached 1.5 percent, it means one percent increase in the household income, would cause 1.5% demand increase for the news publications (khazaei, 2000: 202).

The most important available researches on the economics of the printed press are limited to what was said above. The Center for Media Studies and Researches, which has done the most studies about printed media in Iran has mostly concentrated on social issues and paid the least attention to the economics (Karimi Abarghoui, 1998: 119). Some studies have attended to advertisements and legal issues and also comparative studies of other countries (Motamed Nejad,1997). Some have examined the structure of the international news in the press about Muslim countries (Razavizadeh, 1997), and some have explored the demand for publishing papers and introduced the system governing the publication of the press (khalili 1997). A survey seeking the viewpoints of the faculty members of different universities, regarding the widely circulated papers; a comparative study of the regulations on the contents of the press (Restrictions and Penalties); hardware facilities of printing houses related to the press; exploring the role of the printed press in national development; and similar types of issues are among studies done by Center for Media Studies, and Researches (karimi Abarghoui,1998), yet none of them have considered subsidies from an economic aspect.

The studies done in academic centers as dissertations, have mostly concentrated on people's viewpoints and their degree of satisfaction regarding the printed media and have also analyzed the papers' contents (for example: Taibay(1997); Tajik(1997), Chegini (1997),Hosseinpour (1997) ,Hosseini Aghabiglou (1997), Abdolvahabi(1997), Mahaki (1997), Mohammadali(1997), Masoudi(1997), Namakdoust Tehrani (1997), Shirvani (1997), Roshandel(1997); Shokouhi Tabrizi (1997); Ghadimi(1997); Mohammadi(1997); Moazemi Goudarzi(1997); Maleklou(1997); Mirasi(1997); Ahmadvand(1997), Motavali(1997); Sabti (1997); and Ibrahimzadeh(1997).

Iran's Journal of Economics has published a report on the economics of printed media, in its 15th issue, but includes no statistics in this regard (Iran's Journal of Economics, 1997:31). The reason for not considering subsidies from economics point of view is mainly due to the lack of sufficient statistics.

3- Research Hypothesis

This paper is trying to answer the question of "What are the effects of subsidies paid by the government to printed media?" and if there's any proportion between the paid subsidies and the expenditures of each published   paper.

In this paper, the hypothesis to be examined is "the subsidies payable to the printed press have neither a significant effect on the circulations of the papers, nor they are paid in proportion to each one's average expenditure

4- Research Method

Due to the lack of necessary data and statistics, this study has applied a sampling method to collect the needed data. Hence, in order to collect the data regarding the papers' advertisement revenues, the available information about the amount of advertisements (public & private) of several widely circulated newspapers have been collected. To calculate the sale revenue

data of the printed press, the annual financial balance sheet of profits and losses of the papers have been examined; and to search the information regarding the press expenditures, their profit & loss tables have been used. In order to analyze the information, the method of cost-benefit analysis has been used. The study covers the data of 9 widely circulated papers, in 1384(2005-2006), as samples including: Keyhan, Etelaat, Resalat, Kar & Kargar, and Hamshahri.

In this article We used information of subsidies of press in detail of newspapers for 1996-1997 because the last information available for individual press subsidies are for these years, so in this article we used this information and afterward subsidies are available for 2 years(1386 & 1387) as a whole which we used them.

5- Theoretical Framework

The theoretical framework in this paper is taken from relevant theories of subsidy payments to alter the resource allocations in production of the proposed commodities. Thus, the theoretical framework of the objectives behind the subsidies is explored:

The Objectives of the Payment of the Subsidies

Pigo, the British economist, in his famous book, the *Welfare Economy*, took an essential step in assigning the government's role. He presented the issue of social costs and benefits for the first time, and defined some responsibilities for the government in terms of the role of the social costs and benefits of productive activities, in which, the government has key role in optimizing resource allocations. He observes:

"Whenever productions create external benefits, the level of production would be less than the level of the desirable production, and in this case, government can ensure the production increase to its desirable level, using subsidies." (Pejouyan 1990:18-19)

In this book, Pigo points out to completely subsidized cases for which the government takes responsibility for the costs of the production and the distribution of the commodities.

At the present time considering the emerged necessities for the intervention of the government in the economy, in terms of both optimizing the production of the commodities, and payment of subsidies- the governments don't acknowledge a small role in the economics for themselves, anymore. Hence, they gradually have increased their degree of intervention in this domain. Considering the role of the governments in the present free economies, the main objectives of the governmental interventions (such as payment of subsidies) could be pointed out in three areas:

Optimizing allocation of the resources;

Economic stability;

Equitable distribution of the revenues. (Pejouyan, 1990:18-19).

In the world of the press usually the payment of the subsidy does not take place for the second and third objectives. But, it is to actualize the first objective that subsidies are paid to the printed press.

Therefore, it is necessary to elaborate on the issue in more precise details, By *optimum resource allocation*, we mean the allocation of the initial production resources for the commodities and services in different sectors of the economy. In a system of market economy to allocate the commodities, they are divided into two categories: public and private commodities, in which the government takes control of the public commodities directly; and the private sector will produce other commodities. But, the government, for the reasons that will be discussed in the following pages, takes it as its own responsibility, to attend to optimization of the resource allocations between the public and the private sectors, using different economic tools including taxes and subsidies.

 In the developed countries, the commodities produced by the private sector do not face any predicament from the government and the prices are, often determined through market operations. But the government is not completely capable of optimizing the allocations of market resources, because there are particular circumstances, in which optimum allocations of resources by the market could be met. These circumstances are:

- When the production of a commodity in the market is being controlled by one or several large producers and monopolies are formed;

- When the activities of a firm generate positive or negative consequences for the society, or in other words, it has social costs and/or benefits.

Obviously, the first case is not true for the press and usually the second reason is presented for the governments to offer the endowments to the printed press.

In most industrial countries, in order to increase the efficiencies of the private sector which undertakes the production of commodities with vast social benefits, the governments cover some of the costs and this is a subsidy that is justified by the extensive social benefits of the commodities.

In this regard, the economists believe, when there is a commodity which the private sector is interested to produce, and the commodity generates large external (social) benefits, the production level is always lower than optimum. Therefore, the government intervenes by payment of subsidies to the producer, to increase the production level. For instance; assuming the printed press have such characteristics, it is explored in the following simple model:

In this model, P is the price per copy of the paper, and Q is the circulation, and also the demand for the paper.

Also, it is assumed that other than the readers of the printed press who gain personal befit from reading the paper, the society also, takes advantage of the external benefits that is shown by positive changes in their welfare.
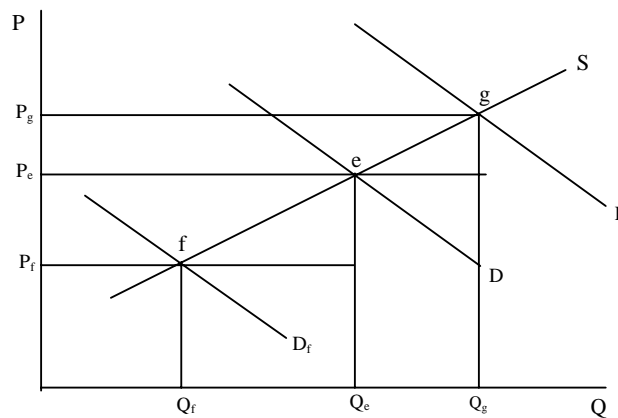

Diagram 1: The Demand and Supply for press

In Diagram 1, S is the supply curve or the final cost of the publication of each copy of the paper. D_E is the final benefit for the individual reader of the paper and D_F is the final benefit for the society. In the market mechanism, assuming no subsidy is being paid, if the publishers of the printed press behave as a pure economic agency, only the point Q_e would be selected as the point of production (circulation) and they wish to sell for the price of P_e. The amount of demand for the printed press by the readers is Q_e, and, also they are willing to pay the price of P_e for each copy of the paper. We recognize that the price that the readers of the press are willing to pay, is merely for the personal benefit (marginal personal benefit), but the society gains from the external benefits of the press, it means reading the paper socializes the members of the society so that their effectiveness for the society is increased. Now, if we take D_f as the demand for the final social benefit, then the sum total of the individual benefit and the social benefit would make the line D_g, therefore, the total common benefits of the society and the individual require that production take place at Q_g , it means, the circulation of paper would be equal to D_g . Therefore the social benefits require to raise the level of the circulation from Q_e to Q_g . But, considering the extra expenditures for the extra production, the supplier at the price of P_g wants to have a revenue equal to P_g , for each copy of the paper (which is much higher than the P_e). But, at the present production of Q_g the individual reader is not willing to pay neither P_g for each copy nor the previous P_e which belonged to the smaller circulation (production). But they tend to purchase the paper at the price of P_e per copy. Because at the amount of Q_e, the price which is P_e , is formed according to the demand of the private sector considering their personal resources. Therefore, the government in such cases for each copy of the paper pays a subsidy to cover the interval P_g to P_e.

Hence, the government, in total pays as much as the rectangle e g P_e P_g. It means the payment of the government subsidy to the printed press is to raise the circulation from Q_e to Q_g. As a result of the payment of the subsidy, the commodity (the paper) is produced at a lower price, and thus it helps to increase the circulation and the consumers' demand. As it was observed, the amount of the indicated rectangle (subsidies) depends on the level of incomes and the costs of the printed press.

Now that the theoretical framework of the payment of the subsides to the printed press is clarified, up to a point, in order to examine the effectiveness of the present subsidies and to find a response to the question of whether or not the subsidies are actualizing the desired objectives; and if the amount for each paper is in proportion to the production costs of the paper; it is necessary to examine the combination of the expenditures and the revenues of the printed press.

6- Revenue and Cost of the Printed Press

In this section we review the state of revenues and expenditures of the country's papers. Our objective is to examine the economic circumstances of the papers and to see if the subsidies have created a higher demand to purchase the paper and have lead to higher circulations; and if so, how much? Also, we would explore whether or not the present subsidies are paid in proportion to the level of costs and revenues of the printed press.

The types and combination of the costs and revenues of different papers are similar. This makes it possible to study all the papers, using several case studies, despite the lack of specific data and statistics for all the papers. The combination of the expenditures of a paper includes costs of things such as editorials, page layout, preparing the film and Zinc plate, printing and distribution. These expenses have, relatively, fixed prices in the market and for each paper it could be estimated, in proportion to the circulation and scales of the production. The issue that should be raised here is that the combination and types of the expenditures are almost the same, and it is possible to be generalized to all the papers which have not presented their data and information, but this will not be applied to the revenues, because despite the similarities of the types and combination of the revenues, the amounts of the revenues differ, greatly, from one paper to the other. To eliminate this flaw and make more precise calculations of the revenues, the sampling methods are applied. It should be explained that the basic combination of revenues of the papers includes:

1- Advertisement revenue;
2- Sale Revenue.

The advertisement revenues depend on several factors:

The first factor: The volume of the advertisements;
The more advertisements, the more revenue;
The second factor: The type of the advertisements;
The advertisements that are printed in the press are in several categories: There are the private category, to print which the press have a set rate. Then, there are public advertisements that are calculated by governmental rates.

The third factor: The rate of the advertisements revenue.

The higher the circulation of the paper, the higher is the rate of printing advertisements, and vice versa.

The advertisement revenue is the most significant channel of the revenue for the press. To find out the amount of the advertisement revenue, since the information and data were not available for the original group, a sample of country' daily papers was selected. Hence, 5 copies per month (a total of 540) were randomly selected, from 9 newspapers, that were pulled out to be studied, and considering different rates for the private advertisements and also the different rates for different pages of the papers, first the amount of advertisements in each page were differentiated for public and private contents and measured, then, the amount of the revenue from advertisements for each paper was calculated.

The next factor in calculation of the revenues is sale of copies through subscriptions and the paper kiosks. This could be calculated for each paper, using the circulation of each paper and the returned copies.

Based on what was said, the necessary calculations for Keyhan, Etelaat, Jomhoory Eslamy, Resalat, Hamshahry, Iran, and Akhbare Eghtesadi are performed. Since, it is difficult to compare very large statistics and figures, and that is how the figures are for expenditures of the press, here the data are transformed to "per copy". It means the revenues, costs, and subsidies, per copy and, also the average profit or loss per copy are calculated and shown in Table 1.

Table 1 (line 10) shows that the average revenue from each copy of a paper is more than the average sum total of fixed and varied costs for the same paper. So, as it is displayed in the line 10 of table 1, the amount of the profit gained for each copy of the paper, by each of the press under study is:

Keyahan 573.7 Rials; Etelaat 338 Rials;Jomhoory Eslamy 296.3 Rials; Kar va Kargar 508.5 Rials; Abrar 332 Rials; Resalat 292 Rials; Hamshahry 300.8 Rials; Iran 300.1 Rials and Akhbare Eghtesady 250 Rials.

If the government's criteria to pay subsidies are only profits and losses of the press, based on above discussion, none of the papers need the governmental support. But, whether or not the government helps the papers in proportion to their profits or losses; and what objectives are behind the subsidies; and if the payment of these subsidies enables the government to implement its policies; and moreover, in case of necessity of the government endowment, on what basis and in what ratio it should be performed, are all issues that must be explored.

If the objective is merely prevention of losses in order to keep the press active (the issue that usually is claimed by policymakers and the executive of the press), present payments have no justifications and it is necessary to review and examine the basis of the support for the press and its amount in recent years and its objectives and consequences. In the previous section, the economic logic of the press protection was clarified. Here we touch upon the combination of the government subsidies to the press, and then try to conclude if the payment of subsidies, meets the objectives of the increased circulations and the increased demand by people.

Table.1: Fixed and variable Costs per Copy of the Paper in 2005-2006

Paper	Keyhan	Etelaat	Jomhoori	Kar va Kargar	Abrar	Resalt	Hamshahri	Iran	Akhbar
Weight (g)	144	144	96	66	69	96	76	76	69
No. of Pages	24	24	26	12	12	16	16	16	12
Cost of Paper AVC	345	345	230	158	165	230	182	182	165
Printing Cost	80	80	50	40	40	50	127	127	40
Disribution Cost	166	166	166	66	166	166	66	133	166
Variable Cost	581	591	446	200.5	271	446	375	442	371
Ave. Fixed Cost AFC	15.3	29	41.7	48	83	48	13.2	26.9	48
Total cost per copy (Rial)	596.3	610	487.7	452.5	454.5	494	388.2	468.9	419
Revenue per copy	1170	948	784	961	786	786	689	769	669
Profit/ Loss (Rials)	573.7	338	296.3	508.5	332	292	300.8	300.1	250

Source: author calculations

The amount of the government subsidies, during 1996-7 are shown in Tables 2 and 3 for all the press under the protection of the government. In 1996, as it is displayed in the table, the press has received direct subsidies. In 1997, they have received the subsidy in cash in 3 installments that is reflected in the related table, and also they have received foreign exchange subsidy for the rate of 300 Toman per Dollar to purchase imported paper.

The amount of hard currency endowment of the government for all the press has been a total of 16493095 dollars. Considering the exchange rate, the government has   paid 500 Toman for each Dollar paid to the press. Therefore, the total amount of the subsidy in form of hard currency is:

156761*500= 79838055000 Rials

Also, the total receivable subsidy is equal to 12579000000 and sum total of these two figures is 92417055000 Rials. It means the government has helped the press by more that 9.2 billion Tomans, in 1998.

This figure in 1995 was about 8 billion Tomans. In the same year the circulation of the press was a little more than one million copies per day, but in 1998, it has reached more than 2 million copies a day. Table 3, presents the amount of endowment to the press both in terms of Rials and hard currency, in 1997 (the last year for which the statistics were accessible).

According to this table, the total circulations of the papers in 1997 were 1795300 per day, excluding the weeklies, monthlies, quarterlies and annuals. Since 8 billion Tomans of the government endowments are related to the differences in the rate of the hard currency in the free market with the government's subsidized rate, this endowment is not very tangible. But, in comparison to the 1.2 billion Toman that is paid directly, it is quite substantial, and any of the press which has received a larger share of the hard currency, has, in practice, received more financial support. If the total amount of the direct and indirect payments to each paper is divided by its circulation in the same year, the amount of the subsidy paid for each copy of the paper is obtained. The calculations show that the government has paid for each copy of the published papers as follow:

Abrar, 617 Rials; Akhbar 246 Rials; Etelaat 397 Rials; Iran News 200 Rials, Tehran Times 182 Rials; Jomhoory Eslamy 183 Rials; Jahane Eghtesad 22 Rials; Khabare Jonoob 80 Rial; Khorasan 212 Rials; Resalat 244 Rials; Qods 189 Rial; Kar va Kargar 193 Rials; Keyhan 304; Gol Agha 19 Rials, Hamshary 315 Rials.

As it is displayed in Table 1, the per copy subsidy payments to the press is not proportional to their average costs, and if the objective to pay the subsidies is prevention of losses to assure continuation of the press activities, the present payments have no justifications, and if its practiced because of a presumed social benefits for the press; and to increase the circulation and the readers demand, then it still should be examined if the objectives of higher circulation and increased demand by people are met.

Table 2: Printing Volume Subsidies (Rials and Dollars) in (1996-1997) &
(1997-1998)

Paper	Volume	Annual dollar	Subsidy					
			1st QUARTER	2nd Quarter	3rd Quarter	4th Quarter	Total (96-97)	Total (97-98)
Abrar	30000	990000	1000000000	2800000000	150000000	80000000	610000000	409630000
Abrar Varzeshi	150000							
Akhbar	15050	178895	70000000	80000000	30000	40000000	320000000	192725000
Etelaat	260500	5655000	800000000	913000000	600000000	470000000	2783000000	2920860000
Iran news	700	70000	15000000	27000000	15000000	15000000	72000000	
Tehran Times	9100	84000	15000000	27000000	20000000	15000000	77000000	
Jomhooori Eslami	70000	669000	125000000	195000000	140000000	50000000	510000000	
Jahane Eghtesad	30000 20000 45000	102000	30000000	44000000	25000000	20000000		85180000
Khabare Jonoob	100000 30000 100000	971000	190000000	250000000	150000000	60000000	119000000	Only khabare Jonoob 165015000
Khorasan	41000	412000	85000000	110000000	80000000	30000000	650000000	266615000
Resalat	33450	415000	110000000	141000000	90000000	40000000	381000000	385450000

Source: Press Deputy of Islamic Guidance Ministry (Iran)

Table 2: Continued: Circulation and subsidies (Rials and hard currency) in (1996-1997)&(1997-1998)

Paper	Circulation	Hard currency (per year)	Share of subsidies					
			1st quater	2nd quarter	3rd quarter	4th currency	Total (96-97)	Total (97-98)
salam	70000	630000	85000000	130000000	120000000	80000000	415000000	325530000
Quds	19000 30000	470000	110000000	162000000	70000000	30000000	372000000	194725000
Kar va Kargar	21700	230000	60000000	90000000	45000000	30000000	225000000	142200000
Keyhan	253000	4623000	800000000	830000000	5000000000	400000000	2530000000	2920860000
Gol Agha (W_M_A)	62500 18244 40000	177200	43000000	45000000	37000000	25000000	150000000	87125000
Hamshahry	400000 40600					430000000	430000000	
Asr		30000			19000000		19000000	
Jameah						100000000	100000000	
Jahan Islam						100000000	100000000	
Others			2302000000		209000000		2511000000	
Sum total			4940000000	3324000000	2300000000	2015000000	12579000000	8788685000

Source: Press Deputy of Islamic Guidance Ministry (Iran)

Table 3: The amount of the government subsidy to the newspapers and Journals

(The number of the days that the papers are published, per year, is taken as 300, and the numbers are rounded)(1996-1997)

Titles	Hard currency equivant	Cash	Total (Rials)	Subsidy per copy	Circulations
Abrar	4950000000	610000000	5560000000	617	30000
Abrar Varzeshi					150000
Akhbar	894475000	220000000	114475000	246	15050
Etelaat	28275000000	2783000000	31058000000	397	260500
Etelaat (Weekly)	28275000000		422000000	200	115000
Iran News	350000000	72000000	497000000		7000
Tehran Times	420000000	77000000	3855000000	182	9100
Jomhoory Eslamy	3345000000	510000000	629000000	183	70000
Jahane Eghtesad	510000000	119000000	610000000	22	9500
Khabar Khabre Jonoob Khabare Varzeshi	4855000000	650000000	5505000000	980	230000
Khorasan	2060000000	305000000	511000000	212	7700
Resalat	2075000000	381000000	2459000000	244	33450
Salam	3150000000	415000000	3565000000	169	70000
Qods	2350000000	372000000	2722000000	189	48000
Kar va Kargar	1150000000	225000000	1375000000	193	23700
Keyhan	23115080000	2530000000	23115880000	304	253000
Gol Agha (weekly)	886000000	150000000	1036000	19	177200
Hamshahry	0	430000000	-	315	406000
Asr	150000000	19000000	169000000	-	-
Jameaa	0	100000000	100000000	-	-
Jahane Islam		100000000	100000000	-	-
Others	2511000000	2511000000	-	-	-
Total	79838055000	12579000000	92417055000		

Source: Press Deputy of Islamic Guidance Ministry (Iran)

To calculate these, the price elasticity of the demand should be known. According to an econometrics study on "The Economic Examination of the Country's Newspapers" that is done for the Center for the Fundamental Researches, the price elasticity of demand for the press is 0.07 percent (Mousaei, 1996); it means if the price of the paper is increased by one percent, the circulation of the paper will drop by 0.07 percent. If the subsidies are terminated and the owners of the press would decide to increase the price for each copy to cover the eliminated subsidy, the price for each copy must be increased by an amount equal to the average subsidy paid for each copy. In previous calculations we noticed that the average amount of the subsidy paid for each copy of the paper is equal to 169 Rials. If the average price of the press, considering their calculations in 2006 were 1000 Rials, with removal of the subsidies, the price of each copy of the paper would reach 1169 Rials. That means 16.9 percent increase for each copy of the paper and if it is multiplied by the absolute value of the price elasticity of the demand, the ratio of the reduction of circulation is obtained. The amount of the decrease in demand would be 1.18 percent and the circulation will drop from 1795300 to 1772751 which is quite insignificant. Another words the government endows about 100000000 Rial to the press to only raise the demand by 22549 copies of the papers. It means it has paid almost 4095500 Rials for each extra copy!!!

To rephrase that, the degree of the effectiveness of the government's policy in payment of the subsidies to the press on the circulation of the papers is almost zero. This is because of the price elasticity of the printed press, which is very small.

Unfortunately, governmental aide statistics was not published in recent years and solely information refers to 1386 and 1387 that it announced in whole not in detail of newspaper. Based on this announcement, total subsidies of the press was 250 and 310 billion Rials in 1386 and 1387, respectively. The rate of dollar doubled during this period. So, if the amounts of exchange aides in 1376 are calculate, 1387 based price, total foreign exchange aides and Rials aides in the 1376, 1386, and 1387 is shown in table 4.

Table4: government subsidies to press(1387 exchange rate applies)

year	Sum total	Per copy	Avr. Price.copy
1376	172255110000	319	1000
1386	250000000000	464	2800
1387	31000000000	576	3000

Source: Press Deputy of Islamic Guidance Ministry(Iran) & author calculations

Therefore, in case of eliminating, each copy of newspaper on average will rise by 576 Rials and with considering to price elasticity of -0/07, the decrease rate of circulation will be 1.344   percent. Therefore the circulation will decres from 1795300 to 1771171. In other word, whether granted or not, subsidies cannot attain their goals in raising demand and circulation and this result is due to low price elasticity.

7- Conclusions

In this paper the economic situation of press were examined and the following results are obtained:

The omission of the subsidies paid to the printed press causes a drop in circulation of the papers by 1.334 percent; it means the price per copy of the paper will increase by 576 Rials and the circulations will drop by 24000 copies. Obviously, this reduction (as a ratio of the total circulations) is so insignificant that from an economic point of view it does not justify the endowment of 31 billion Tomans to the press

The "subsidy per copy" paid to the press is not proportional to the average costs; and the present system of the subsidy payment is very inefficient.

Here, in this paper it is suggested that a major review of the system of subsidies for the printed press sector is essential.

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